



County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 15, 2009

To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

COUNTY HUMAN RESOURCES PROGRAM AND DEPARTMENT OF HEALTH SERVICES' REQUEST FOR THE RISK MANAGEMENT UNIT (AGENDA OF SEPTEMBER 22, 2009 SUPPLEMENTAL RESOLUTION BUDGET)

On June 22, 2009, your Board requested a report by the Chief Executive Officer (CEO) regarding the Human Resources Program throughout the County including the Department of Health Services (DHS) and its request to create a Risk Management (RM) unit.

We are working on several recommendations relative to the County's Human Resources (HR) Program and will return to your Board at a future time as appropriate. A summary of our current efforts is included in this report. Additionally, the request for information as to the DHS request for a RM unit is addressed at this time.

STATUS – HR PROGRAM

During the June 22, 2009 Board discussion of the Final Changes budget, a question was raised as to the need for additional human resources positions for DHS in light of the study being done on the Department of Human Resources (DHR). The Board requested that this subject be revisited as part of the Supplemental Budget.

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Though the efforts for the countywide HR study are being reported to your Board under separate communications, the following is a brief status of the countywide HR study: the first phase of the study is focused on the countywide classification, examination, and recruitment processes currently utilized by the County as these were determined to be the highest priority areas where improvements would benefit all County departments. The first phase of the consultant study is expected to be completed by the end of October 2009, with a consultant's report being issued which will include recommendations on best practices for CEO and DHR consideration.

Phase II of the study will include a pilot project to implement recommended best practices developed in Phase I and an evaluation of the pilot project to determine which recommendations should be implemented on a countywide basis. At the conclusion of the pilot project review, which will potentially result in new and more efficient models for these functional areas, an analysis will be conducted utilizing the new model(s) to develop recommendations for appropriate staffing levels for core DHR functions, CEO Classifications functions and human resource functions delegated to County departments. We will continue the separate status reports to your Board regarding updates on the countywide HR study.

BACKGROUND – DHS RM

In response to a request from DHS, the CEO Risk Management (CEO-RM) conducted a review of the current risk management structure at DHS and submitted findings to the Department. The review provided several recommendations, and included an organizational restructuring which would establish the DHS Risk Management Division.

Summary – CEO-RM Review and Recommendations:

- Evaluated existing DHS processes and a comparison of similar processes at the Department of Public Works (DPW) and Internal Services Department (ISD), and other health care providers of relative size and complexity.
- Did not evaluate the California Occupational Safety and Health Administration (Cal/OSHA) standards or Joint Commission certification. As such, the findings do not address patient safety and clinical risk management processes including medical malpractice claim management.
- Recommended restructuring of DHS' risk management operation. The recommended organizational restructuring called for a separate RM Division not part of DHS Human Resources Division. The RM Division should be led by a DHS Risk Manager responsible and accountable for the management of departmentwide risk management activities (excluding patient safety and medical malpractice claim processes).

- Also recommended that DHS RM Division complete a safety item salary classification study and implement appropriate compensation structure; develop and implement standard risk management policies and procedures system wide; conduct site-specific regulatory compliance assessments to determine the current state of regulatory programs (Cal/OSHA and environmental); develop and implement a performance management/quality control process for site-specific risk management compliance; develop and implement programs to manage Workers' Compensation and liability claim cost issues; develop and implement periodic risk management reports for executive management, both at the sites and Health Services Administration; and include appropriate risk management-related goals in the Management Appraisal and Performance Plan goals for specific site executive management and senior staff for the next fiscal year .

Summary – DHS Risk Management Request:

In response to the noted review, DHS submitted to this office the following request for a reorganization to establish their RM Division.

- RM Division to be responsible for the overall coordination of the Department's various risk management initiatives, including the administration of non-medical malpractice liability claims and Workers' Compensation claims; environmental health and safety management; and Return to Work program oversight.
- The RM Division will manage and develop corrective plans; handle departmental insurance related issues, and serve as departmental liaison with County Counsel, CEO-RM, and your Board in matters related to DHS risk management issues. This separate division will also be responsible for the development and implementation of a centralized departmental approach to risk management, occupational health reduction, and risk exposure avoidance.
- DHS presented the "region" concept used by other County departments, such as DPW and ISD, in their risk management organizational structure. The region concept recognizes that having dedicated staff work with designated health facilities will bring accountability to the organization. Further, appropriate accountability can be expected to increase customer service and provide improved performance outcomes.

In addition, DHS requested a total of 25.0 positions to staff the RM Division, which would be fully offset by deleting existing vacant budgeted positions.

ANALYSIS/RECOMMENDATION

Based on our analysis and assessment of DHS' request, when compared to the CEO-RM study, we approved the proposed reorganization establishing the DHS' RM Division. This office reviewed and collaborated with DHS on the feasibility of this request, including input from subject matter experts who indicated support of the proposed risk management model.

It should be noted that we approved 20.0 of the 25.0 positions requested by DHS. Five positions were not part of the CEO-RM recommendations and we do not recommend approval at this time. Although this Office recognizes the need for change within DHS' RM operations, such needs must be balanced against existing fiscal constraints. Therefore, our recommendation is limited to the more conservative recommendations and in line with the CEO-RM review. Additionally, DHS should proceed with implementation of the proposed structure and evaluate the performance and operational results of the division. The staffing requests that were not approved at this time can be resubmitted by DHS at a later time, along with appropriate supporting documentation justifying the need.

The proposed additional positions as recommended have been included in Supplemental Changes recommendations from this office, which will be considered by your Board on September 22, 2009. A net total of 20.0 positions have been added and are fully offset by deleting existing vacant budgeted positions. The cost of the program is \$1.6 million and it is being absorbed by the DHS through the deletion of the existing items.

If you have any questions or need additional information, please contact me, or your staff may contact Ellen Sandt at (213) 974-1186 or esandt@ceo.lacounty.gov regarding the HR Program or Sheila Shima at (213) 974-1160 or sshima@ceo.lacounty.gov.

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